



Memorandum

TO: City Council

FROM: Mayor Chuck Reed

**SUBJECT: MUNICIPAL WATER SYSTEM
WATER RATE INCREASE FOR
2007-08**

DATE: June 22, 2007

Approved

Chuck Reed

Date 06/22/07

RECOMMENDATION

1. Approve the staff recommendation to increase the San José Municipal Water System (MWS) potable water rates and charges by 7.3% effective July 1, 2007.
2. Direct staff to complete a cost study to validate transfers from the SJMWS to the General Fund.
3. Upon completion of the cost study, direct staff to review all assumptions, financial and non-financial, made when the City Council declined to sell or lease MWS and report back to the City Council on the impacts of the cost study on those assumptions.
4. Direct staff to analyze and report what effect the absence of "rate on return" and "in-lieu fee" transfers from the Water Utility Fund to the General Fund would have on the balance of the General Fund.
5. Direct staff to analyze and report on the consequences to the General Fund and the Water Utility Fund if SJMWS potable water rates and charges are not increased.